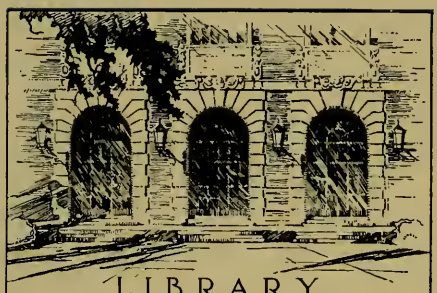

LIBRARY
OF THE
UNIVERSITY
OF ILLINOIS

CAN LOCAL TAXATION BE MORE FAIRLY DISTRIBUTED?

Many difficult questions beset the subject of local taxation, and they are generally rendered more difficult by being confused together. Sir Massey Lopes, in his motion of last Session, proposed to remedy the present injustice of imposing taxation for national objects on one description of property only, by relieving occupiers and owners of houses and land, from at least part of charges over which they have *no local control*. In 1871, from similar premises, he proposed taking steps to ensure that every description of property should *equitably contribute* to all national burdens. One of his illustrations belonged to another principle; that "lunacy was a dispensation of Providence, limited to no particular class—the possession of land and houses did not make lunatics." (Hansard, 210, 1,347.) Throughout his various arguments are mingled three distinct propositions, based on three distinct principles, indiscriminately confused with each other, though each individually true.

One proposition is that those should contribute to a tax who are interested in its object, or whose concern it is to effect it. A whole nation should contribute to united national concerns, a locality to concerns of that locality, a district, class, or individual, to what is the limited concern of each at public requirement.

Another proposition is that the contributors should belong

to that jurisdiction which has management of the contribution. Local taxation should be under local government, and what national government controls, it should be able to provide for nationally.

A third proposition is that all contributors should be taxed in fair proportion to their concern in the object of the tax, without exemption, privilege, or partiality.

The three propositions, stated briefly, are—

1.—National taxation for national objects, and local for local.
2.—Taxation where management is, whether central or local.
3.—Taxation levied equally in fair proportion on all concerned.

The three propositions are generally sound, but various questions spring separately from them.

Taxes are defined as portions of the property of individuals taken from them by Government, and put at its disposal.

Local taxes are levied on particular districts, and expended for purposes within those districts ; sometimes levied on parts only of a district or on an individual, for objects so limited, but which the public have a right to call for.

Taxation is not an evil or a robbery in proportion as it is conducted as a fair co-operative effort, made by the co-operating body for an object common to them all. It is then an economy of expenditure for a combined purpose. For a united national object the property of the whole nation should be made to contribute.

The defence of the country, for instance, should not be paid for by contributions independently voted by local bodies, but from a national treasury, and under the responsibility of

UIUC

national Ministers. Nor, by our last proposition, should any capable part of the nation be exempt from such a tax, nor should the property of any class be exclusively taken for such a purpose. It would be as impolitic as unjust. Probably the mistake of taxing ourselves only at home for the defence of acquisitions brought under the same sovereignty by the enterprise of our fellow-countrymen, which arose from a false pride in keeping them down as dependencies, though primarily an injustice to our home taxpayers, did far more harm in crippling and demoralising the portions of the empire exempted from the burden of self-defence incumbent on all free citizens, than in unduly burdening us at home.

For a local object, clearly the national treasury should not be drawn upon. The injustice of taxing the property of all for the benefit of some is too obvious to need consideration. But when a local object is of national concern, in the sense of being alike required in every locality throughout the kingdom, then comes in our second proposition; and the requirement of local government, which is of the essence of our national vigour and freedom, and the need of the check of local interest on extravagance which a competitive scramble at a national treasury would inevitably involve, necessitate local taxation.

The relief of the poor, for instance, which the common interests of humanity and good order dictate, seems preferably a matter of local management, and therefore of local taxation. The width of area best for local government to unshackle industry and ensure good administration is another question. Developing circumstances are widening such areas, but whatever be the dimensions settled upon from time to time for local government, such objects as come best within its cognisance must be provided for by its taxation within such limits.

It is for objects of a united national concern, and not for a national aggregate of common local concern, that the national Government should be empowered to appropriate national funds, undertaking, also, the responsibility of management and control.

For these purposes national administration has many advantages. There is great economy of machinery in national collection of taxes, if carefully looked after. There is more skill at command in large employment. National expenditure is also better guarded in many ways. It is more open, known, recorded, and exposed to public scrutiny. It is theoretically watched by the House of Commons, and really subject to party jealousy and political censorship ; and liable to high official audit. There is great economy in united national objects being systematically planned and conducted. For this reason the Postal Service, and, only too late, the Telegraphic, and, in regretful desire, an entire railway system, have been thought matters best undertaken by Government.

If, then, united national objects should be paid for and managed nationally, and local objects, even though existing alike in every locality, are, in the interests of local government and thrift, better locally provided for, there follows the third proposition, that taxation should rest in fair proportion upon all concerned. Government, whether central or local, should take the property of individuals which it requires for public purposes in fair proportion to the value of all such contributory properties, without exemption or partiality.

The inequality of imperial taxation, whether indirect, which is at least voluntary, or directly falling on revenues incapable of exact adjustment, is not discussed here. Only local taxation, and of that only one feature—namely, its exclusive incidence on real property—is here discussed ; not the rapid growth of our local taxation, nor the possibility of

controlling that growth by a better systematised local government, nor the relative liability of owners and occupiers, nor the modes of valuing various classes of property, nor even the unequal incidence of our local taxes on various kinds of the real property which is exclusively subject to them.

The present research is into the *justice* or *necessity* of exclusive local taxation of real property. The whole income of England and Wales is roughly estimated at £700,000,000, of which £300,000,000 are assessed to income tax, and only £100,000,000 is the rateable value assessed to local taxes, 69 per cent. of which rests on land, and the remaining 31 per cent. on houses and buildings.

The problem to be solved is whether it is possible to levy more fairly on all the property interested, a local taxation for local purposes.

The sole basis of taxation for the relief of the poor, for highways, education of the poor, police, and local improvements, is a selection of corporeal hereditaments, with a long accretion of exemptions. Should not other real, and much of personal property, and can they, if they should, be likewise locally taxed?

First, it is argued for the *justice* of present exemptions, that landowners cannot complain of a charge so old that most of them have acquired their land subject to it. But supposing that to be the present fact, to which, however, there must be many exceptions, it is also a fact that landowners were as a class, possessed of many countervailing privileges at the time when the charge of poor rates was first imposed, by the 43rd Eliz., and they owned almost *all property in consideration of which any such tax was then imposed;* and that personal property has been since almost entirely created, and annually exempted. Of these privileges they have been gradually, and recently wholly, deprived;

so that it is unfair in theory to argue for the retention of a charge on the ground of prescription irrespectively of the cessation of the circumstances, and compensations attached to it.

In Elizabeth's time landlords were the chief owners of the "visible and locally productive" wealth which, alone, was then considered liable, and was nearly all the wealth that then existed. The conditions of wealth are wholly changed, not only as to the privileges of landowners, but in the proportion of real to personal property, the comparative smallness of which, as much as its intangibility, was the reason of its first escape. No fair inference can be drawn from legislation in the former state of things to the right principle for present legislation in the way of local taxation. Mr. Rylands, indeed, argues that land having increased in value, although other property has tenfold increased, all that is wanted for adjusting local charges is to render adequate to all demands the charge on land by a new valuation. Probably no one else would venture to reduce this proposition into logical form.

But, besides all these considerations, poor rates are by no means a fixed or constant charge, but a very variable and increasing one. It is a mere *equivoque* to say that any land has been acquired subject to *the* charge. Poor rates, neither in relative magnitude to the property charged, nor in their own meaning and inclusion, are the same charge under which nine-tenths of the landowners acquired their land; and to fix on any one class of property which, at any time or under any circumstances, has had a charge imposed upon it an unlimited liability to a charge of the same name, whatever such charge might grow to, mean, or have included under its name, would be a proposition even more absurd than unjust.

2.—Some assert that real property ought to bear local

burdens not only in proportion to its higher value compared with precarious property, but as necessarily including personal property in the discharge of its own liability—its own value depending on the money laid out upon it. Taxes levied on land and buildings are thus supposed to fall indirectly on the incomes of all residing and spending money upon them. The wealthy visitors at a watering-place, though they pay no local rates directly, raise the rents which they have to pay, on which rates are levied. Some landlords are eager to pay, even if others don't; as Sir T. Acland, who, in a recent speech, indignantly asks his brother landlords if they are not ashamed to propose taxing hard-working professional men, to raise their own rents by the relief of a burden on property naturally belonging to them. Mr. Goschen (replying to Sir Massey Lopes, Feb. 28th, 1871, Hansard 204, 1,094) argues, not as a matter of pride but of justice, that the land should be more heavily taxed, and says that each class of property contributing *equitably* does not mean *equally*.

The point, fairly put, is part of a large and intricate question as to incidence of taxation, well argued in the recent Reports of Mr. Wells and other New York Commissioners. A direct land tax, traceable to feudal tenures, seemed an equitable mode of providing for national requirements on the conditions of English squirearchy; but if good for local taxation, as for imperial also, the squires should pay for all. The argument goes too far.

3.—It is further argued that landlords who cry out forget that real property includes houses, railways, &c., on which taxes fall far more heavily than on land, and that the same principles do not apply equally to the taxation of both, because much more capital is expended on houses than on agriculture. (Mr. Goschen, 1871.)

So far as this argument implies that the progress of im-

provement and wealth gradually throws more of local taxation on houses and on occupiers, to the relief of mere owners of land, it has weight against the exclusive cry of the somewhat so relieved party ; but clearly it carries with it no force at all against the relative demand for equality of taxation. It is no argument for exemption. Sir G. Grey truly said "*real property* is not the same as *landed interest*" (Hansard, 1850; Disraeli's motion), but the fact that railways share the burdens on land does not remove the evil of partial taxation, but only increases the category of its victims, and the uncertainty as to who may be next included in it. The justification of exempting other kinds of property remains as much as ever in the dark. Mr. Goschen calls railways " only in one sense real property, and that of recent origin and great increase, and that taxing them is really taxing profits" (Hansard 205, 1,135.) On whichever side one places this item of account, the principle of equality is unaffected by the argument.

4.—A considerable point has always been supposed to be made in debate against the claims of the exclusively burdened real property by adducing the undoubted fact that it has greatly increased its means of bearing the burden. Tell a grown slave that he can bear a licking better than he could as a boy, yet the anterior question of slavery remains. The increase of one kind of rateable property cannot in itself justify the exemption of another ; nor does it satisfy the richest landowner paying all the poor rates in his parish to know that some poor inhabitant of a town house is similarly sponged upon. Besides, while land, between 1841 and 1871, has increased in rateable value 30 per cent., rates have increased 120 per cent.

Mr. Goschen affirms that land has not decreased in value by the increase of its burdens (Hansard 205, 1,136), but this it rather a test of capacity to bear injustice than of the injustice

itself, for while the untaxed wealth increases tenfold, the consequent demand for land keeps up its price almost to the point of total unremunerativeness. If the burdens on land are not excessive up to this point, they may still be grossly unequal. It is not the harmlessness of accumulated burdens, but the ever-increasing demand that prevents any decrease in the value of land.

The relative taxableness of various kinds of property, and the comparative practical incidence of taxes on owners or occupiers, are not material considerations in the present simple discussion as to the justifiableness or inevitableness of exclusive taxation of real property to local public expenditure. Landowners and house occupiers may settle mutual claims when we have arrived at a conclusion on the possibility of distributing over all kinds of property a share of local burdens.

5.—It is rather an encouragement to patience than a justification of wrong that is offered to owners of real property, in the shape of a kindly warning how much worse they might get off if a fresh adjustment of taxation were attempted, or what might be the alternative mode of raising requisite local revenue if they were relieved. Landlords are told that, though taxed on gross receipts, they are as unequally favoured in imperial taxation as they may be unequally yoked to local burdens—that precarious earnings and life incomes are disproportionately weighted by income tax in the race with realised property—yet that increased income tax, favourably as that tax deals with schedules A and B, would be a disagreeable substitute to them for their present exclusive local rating. Even an all-comprehensive land tax on a revaluation of land has been held out as a crushing alternative not unlikely to present itself.

We need not discuss these warnings under the topic of

justice, but proceed to consider whether the exclusive local taxation of real property is *inevitable*, that is, conversely, whether it is *impossible* to tax locally personal property. One may suppose, as Mr. Disraeli said in the debate of 1850, that there must be some great difficulty in the way to account for such a flagrant injustice having flourished so long. The conservatism of the country can only partly account for the tenacity of so wholly obsolete an assessment now staring in our faces with increasing injustice.

The local taxation of personal property is not impossible, as it is the practice in the United States, and, to a certain extent, in Scotland.

I find assessed to local charges, in the Report of the Commissioners appointed to revise the laws for the assessment of taxes in the State of New York, besides watches, plate, and carriages, the amount of yearly income in money, over $400, for discharge of any office or employment, attorney's or physician's fees, &c., &c.

In Canada personal property is locally taxed.

In England, France, Belgium, and Holland, up to the 17th century, there was indiscriminate and universal taxation for local purposes; though, of course, it practically meant a very different thing from what local taxation alike of real and personal property would mean now.

The supposition of the impossibility of taxing all alike now in England was thus stated by Sir George Grey, in the debate on Agricultural Burdens, in 1850: "The Act of Elizabeth required that the property rated to the relief of the poor should be local, visible, and productive within the parish in which the owner resided. Now, it has been over and over again decided that these conditions could not co-exist in the great bulk of personal property. The Legislature therefore practically excluded personal property from this burden for the relief of the poor. Disputes have risen as to the liability

of *stock-in-trade.* The attempt to rate stock-in-trade has proved utterly hopeless; the objections are so obvious that I scarcely need allude to them."

Judicial decisions, and no words in the Act, have required the property rated under the 43 Eliz. to be visible and local within the parish; and the obvious objections to rating stock-in-trade and most other personal property, are the inquisitorial process and frauds involved, as stated in the Report of the Committee of 1844.

An Annual Exemption Act, since 1840, has distinctly relieved stock-in-trade and other property from poor rates.

The reason given for this exemption was solely the difficulty and expense of obtaining the rate, and not the principle of the Act of Elizabeth, which, by change of circumstances, has drawn after it so many judicial qualifications as to make its principle wholly at variance with its practical application, and its terms no guide to what the law either was meant to be, or ought now to be. The consequent exemptions of Government property, mines, timber, &c., are indefensible in principle.

In the speech above quoted, answering Mr. Disraeli, 1850, Sir G. Grey truly said "the transfer of local taxation to general taxation would lead to a national rate, and abolition of the law of settlement, without which it would confer no benefit on the agricultural interest." That, however, is rather an objection against treasury subsidies to local charges than to making local charges equal without exemptions. The equalisation of local taxes is very different from relieving their inequality.

Mr. Goschen, introducing two bills in 1871, proposed to render every hereditament, corporeal or incorporeal, liable to local rates; with the exception only of certain kinds of property of the nature of a rent charge, which are specially exempted. In considering possible remedies against in-

equality, he said "it is conceivable that relief might be given by a *local income tax*; but impossible to devise it equitably because you cannot localise income." Upon this he cites an attempt made in Scotland, which broke down, when an English Lord Chancellor, who drew his £10,000 a year in London, but had a small place in Scotland, was made to pay income tax on the whole of his income in that country as well as in this.

He said, "No country had been able to levy a local income tax. In the United States there had been *a personal property tax;* but the report on it of the New York Commissioners was adverse, and proposed the substitution of *a complete house and building tax.*" Sir George Jenkinson, in the debate on Sir M. Lopes's motion, 1872, suggested, as Lord Malmsbury had in 1857, a separate schedule of the income tax, to be called the County Rate Schedule, devoted to the relief of local burdens; and that all licence fees locally collected should be paid into the same County Fund, and be applied to the same object.

There seems to be no reason why the general objections to an income tax should decide against its application for the requirements of local government, except that agitation would be increased against the tax, which, though a practical reason, is not a good one. So long as the machinery of an income tax is maintained for imperial purposes, we had better make all the use we can of it.

The general objections to an income tax are the inquisitorial nature of its process, the inevitable imperfection of its adjustment to all kinds of income, and its exposure and even temptation to fraud.

But if the proposition be not to make any new income tax, but merely to use the existing lists and officers under the Act of 1842, by means of which local authorities may obtain the amounts they want for local purposes, it involves no new ob-

jectionable incidents, but rather a set-off of further use. Local authorities would estimate all they require for the year's expenditure under every head, and issue precepts to the collectors of income tax to levy the sum on their lists in every schedule within their districts. In passing, we may say that no part of Mr. Goschen's plan was more useful than the proposed consolidation of poor rates, highway rates, police rates, &c., into one rate, getting rid of a multiplication of machinery and accounts, and of the present anomalous designation of various rates under the name of poor rates, merely to keep up the obsolete provisions of the Act of Elizabeth. This was unanimously recommended by the Committee on the "Compound Householder" in 1868, of which Mr. Ayrton was chairman.

Of course, the Act of Elizabeth would be repealed if local taxes were taken as above supposed, and there would be no special rating of real property, except as its revenue would come under the schedules of the income tax.

There would be no new inquisition, or prying into, or publication of private affairs, as the Government officers would be employed, sworn as they are. The secrecy secured to income tax returns would remain inviolate.

A uniform valuation of all visible property for local as well as imperial purposes might be effected, associating the Queen's Surveyor of Taxes with the Valuation Board of the Union, and other kinds of property would contribute their quota to local demand through imperial collectors.

The power, vigour, economy, and scrutiny of local authorities would not be impaired, as they would estimate their own requirements, and the levy would be local, falling upon themselves and their constituents. No advantage in greater equality of taxation could compensate for any weakening of local government, which is of such vital consequence to our national vigour and freedom; but neither the power nor

economy of local government are hazarded by the proposition. The question is, why should we incur all the disadvantages and annoyances of an income tax, and not make the utmost use of it? Why sustain all its machinery, and lose the profit of enabling local authorities also to avail themselves of it? May we not so gain our object of equalising local taxation without any fresh sacrifice of other objects? The Sheffield authorities have already taken this advantage of the income tax machinery, as far as they can, for the collection of their present partial local taxation; and the Union Assessment Committees through the country have, as a rule, done their work with the income tax returns before them as a basis.

The incidental satisfaction to ratepayers of having a clear annual estimate laid before them, in advance, of their total liability to local taxation under every head, together with the probable economy, better publication of accounts, and audit, which the local use and application of the Government machinery would involve, would in itself constitute a great reform in local finance.

The alternative plan for remedying, or rather mitigating, the inequality of local burdens on various kinds of property, which is now being more and more resorted to—that of retaining all local charges on real property alone, but unlocalising one after another, and transferring them to the more equally assessed imperial taxes—is comparatively slovenly, and open to a multitude of grave objections. It only diminishes in extent, but in no way intrinsically cures, the inequality which is the grievance to be remedied. It impairs local government, and incurs the danger of extravagance attaching to all competitive runs upon the national treasury, which no one looks upon as the aggregate of individual contribution so much as a godsend to be gratuitously scrambled for. Taxation should be kept as much as possible under the eye and control of self-interest. If it could be completely so,

together with the wisdom and skill of combined government, it would carry every excellence. But we cannot combine a system of Government subsidy with unimpaired local government. There are local matters requiring Government grasp, and therefore payment; but this country will lose its essential vigour if tempted to throw into the hands of the Imperial Government matters of which local government is capable, merely to lighten the inequalities of local taxation.

But we must now consider the difficulties in the way of this apparent solution, by use of existing income tax machinery, of the problem how to equalise local burdens.

The difficulty of assessing what is invisible, incorporeal, and easily transferable or concealed, and the waste and cost of disputes and appeals, and the demoralisation by temptation to fraud and perjury, are not objections to the point in the question before us; which is, incurring all these disadvantages as we do in the maintenance of an income tax, whether further use of its advantages might not be made. The extended use of a machinery so objectionable is only an extended set-off of good against its account of evil; and whatever may be the objections to taxing personal property, the income tax has at least the advantage of greater equality than an exclusive tax on real property; and the grievance of taxation is never so much its *extent* as *inequality*. We need not, therefore, go through the elaborate illustrations of the evils of taxing personal property, which chiefly fill the very able New York Reports alluded to, especially as many of them attach to the influence of different States upon each other, having no parallel for comparison here. Granted that much personal property can and will escape, that much cannot fairly be valued, that many false oaths and fictitious returns will always be made in taxing on confession, that taxation of debts and mortgages must breed injustice whether enforced or remitted, that clogging capital

retards development and depreciates even the real property attempted to be so relieved, that litigation, often costly to an amount equalling the proceeds of the tax, must follow an ever-variable assessment, that money involves itself in the taxation of the realty upon which it is expended; and add to all these arguments the impossibility of perfection in the income tax itself; still the question before us remains intact, whether, incurring all the disadvantages, we should not, or can not, extend the advantages which the taxpossesses to local government, instead of restricting the use of the tax to the Imperial Government only.

The main difficulty in the way of local taxation of personal property is the want of *locale* of such property. The rule of law *mobilia personam sequuntur* is no guide at all. Whether the chattels or money are to be taxed where they are, or where their owner resides, the difficulty of apportioning the local contribution due to each of several localities seems in many cases insuperable. Suppose a man to have for his income a salary of some thousands a year, drawn in London, and to lodge in a north country inn for two months' sport during the autumn, and in a watering-place for another month, and at some country house for his Christmas holidays, how is he to contribute to the local rates of each of the four places he resides in? True, he enjoys the highways and various accommodations and improvements of each place, the police protect his property, and his cast-off servants fall on the rates, while only in London and his Christmas home does he pay any direct rate towards the cost of these benefits. In the other two places of his residence the owners of land and houses exclusively pay for all he so enjoys. If it be said his very expenditure raises rents and prices, and so the owners and occupiers of land and houses pay, in larger rates, part of what they so receive from him, so that he indirectly contributes his share to the public burdens of the place, *cadit*

quæstio; then personalty is generally taxed in taxing realty, and almost all Schedule C, D, and E ought to be taken out of the Income Tax Act of 1842. It is an argument against any income tax, except such as our local rates now are—that is, an income tax only on real property income.

But I am only considering how an income tax can be locally apportioned, supposing it to be imperially retained.

If a man has a distinct business in several places, it is easy enough for the local authorities of each to send in estimates, and the income tax officers to levy upon him his share, among all assessed by them under every schedule in the place, and pay over to each of the places the levy belonging to it.

If a man has a trade in one place, shares in a bank in another, and a professional income in a third, there can be no difficulty in making him contribute, according to his assessment on each kind of income, his share to the rates of each place.

But when there is no distinct *situs* to revenues of personal property in the case of an income from the Funds, spent here, there, and everywhere, neither can its chargeability be apportioned to each place of its expenditure, nor fixed wholly on the place of its receipt; nor could the whole be made chargeable everywhere. This large class of personal property must therefore be considered incapable of local taxation. Income derived from investments in the National Debt would escape local taxation, and foreign investments, and other similar income. There may be nothing more than is just in this.

It is, however, no argument against equalising local taxation as far as is possible, to show that in some cases local taxation becomes impossible. The New York Commissioners conclude their elaborate argument against their existing system, which includes personal property under general taxation, by a proposition which still retains as much personalty under it as possible; much more, then, may we, in consider-

ing only what parts of a wholly retained income tax can be adapted to local purposes also, and in putting the income from real property on the same footing in local taxation, make only such exceptions as impossibility compels us to make. Why should not we get what we can by taxing all property, whether real or personal, that can possibly be localised?

These Commissioners conclude against their present State property tax, that imported goods, bonds, notes, and other securities or evidences of indebtedness, deposits in savings banks, personalty situated outside the taxing power, mortgage bonds, &c., are properly untaxable; but suggest still taxing all corporations in the nature of a monopoly, and to add to a tax on buildings connected with land an equivalent for taxation on personal property by a valuation of every man's *means* in the proportion of three times the rental of the premises he occupies.

The Scotch have imposed local taxes half on the heritors, and the other half on all inhabitants in the district, according to their *means and substance,* in somewhat similar way to the American, arbitrarily valued. Recent legislation has provided otherwise for towns.

Mr. Goschen proposed in his Bills to free the Act of Elizabeth from the judicial decisions on its application to subsequent circumstances, which have caused so many exemptions; and to render every hereditament, corporeal or incorporeal, visible or invisible, liable to rates; and to hand over the inhabited house duty to the relief of local taxation. Though he seems to extend local taxation to a wider class of hereditaments, yet he trenches on chattels, not only real but personal also, naming game amongst examples; and he lightens the local burden from one class of realty.

The question, then, between Sir Massey Lopes and Mr. Goschen is reduced to this: whether more personal property may not be locally taxed, and whether it be not, with

the one exception above pointed out, possible to tax all the rest by the assessments to the imperial income tax and by its existing machinery, repealing the present special rate upon real property only. Mr. Goschen's sole argument against the local use of income tax scarcely seems sufficient: "That we ought not to impair the use of that tax as a great engine of public finance, to be resorted to in the times of sudden pressure, when a great amount has to be raised" (Hansard, 205, 1,138.) On the other hand, it must be allowed that the income tax is odious and unequal, and that its local application involves greater inequality; but its increased inequality would be in favour of the class of property which it is supposed now to over-tax, and therefore roughly compensating its present injustice.

If the country will not consent to make further use of the income tax machinery, and by its means to spread local taxation more widely, better than resort to such palliatives as transferring local charges, wholly or partially, to imperial funds, we might consider the hints given both by Scotland and the United States of a possible *substitution for all local taxation of a rate on every man's means and substance,* through means of a rough estimate *based on the rental value of his house and premises.*

The worst thing we can do is to proceed further in the way of Treasury subsidies in relief of local charges, confusing accounts, multiplying, or at least duplicating, machinery and official service, and impairing the most essential national habit of local government and self-administration, just at a time when we are taking measures to simplify, economise, and strengthen it.